
From: Graeme Bissett [graeme.bissett@██████████]
Sent: 30 August 2007 14:13
To: Steven Bell; Willie Gallagher
Subject: FW: LAC Presentation

You'll be interested in this. It looks to this layman that there are two critical design risk issues – the schedule issue highlighted by Geoff at the end but also the effectiveness of the design assurance process and the risk that the designs are actually not fit for purpose.

Regards
Graeme

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From: Geoff Gilbert [mailto:Geoff.Gilbert@tie.ltd.uk]
Sent: 30 August 2007 09:59
To: Susan Clark; Graeme Bissett
Cc: Matthew Crosse; Miriam Thorne
Subject: RE: LAC Presentation

Susan/Graeme

Re item 2 the position is as follows:-

1. The Due Diligence activity is undertaken to achieve Infraco bidder acceptance a) of the system performance – that the designs will deliver the 'law of physics' (theoretical) run time and timetable requirements b) will deliver the other performance obligations as set out in the Employer's Requirements c) that the designs have been produced in a professional manner that can be expected of a reputable and experienced tram system designer and d) to enable the Infraco Price to be firmed up for the elements that are currently provisional due to there currently being insufficient detail. The contractual alignment issues and the risk differentials between Infraco Contract and SDS contract are dealt with separately under the Facilitated Negotiations process.
2. The risks to the project arising from the due diligence exercise (as distinct from the risks to successful design completion) are:-
 - a. The designs for the tram alignment and the run time model are flawed and do not demonstrate that the Law Of Physics run time is in excess of that specified in the Employer's Requirements
 - b. That the designs are unlikely to gain the necessary consents – especially Prior Approvals
 - c. That the standard of design are inadequate (the level of design is not adequate for the Detail Design stage and that the designer is not competent)
 - d. A risk to price that the provisional pricing understates the final requirements
3. My view on the level of each of these risks is:-
 - a. The designs for the tram alignment and the run time model are flawed and do not demonstrate that the Law Of Physics run time is in excess of that specified in the Employer's Requirements. This I think is minimal as tie have looked closely at this and are satisfied that the Infrastructure plus selected tram vehicle will deliver the run time.
 - b. That the designs are unlikely to gain the necessary consents – especially Prior Approvals. The process for final designs includes informal consultation with CEC. Generally this is a low risk. However, CEC need to accept that if we are to achieve our budgets then they must lower their expectations in respect of certain structures.
 - c. That the standard of design are inadequate (the level of design is not adequate for the Detail Design stage and that the designer is not competent). The design review and assurance process established by David Crawley should guard against this.

- d. A risk to price that the provisional pricing understates the final requirements. We think we have been prudent. However, mitigation of this risk is to continue the VE process through and past the Preferred Bidder stage to create further contingency.
4. The biggest risk to the Project right now is that the designs are not delivered to the current programme – this is now pretty much a 'life or death' risk.

Let me know if you wish to discuss

Regards

Geoff Gilbert - Project Commercial Director
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From: Susan Clark
Sent: 29 August 2007 14:55
To: Geoff Gilbert
Subject: FW: LAC Presentation

Geoff

Can you provide some word for Graeme's query number 2 please?

Susan

Susan Clark

Delivery Director - Tram

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From: Graeme Bissett [mailto:graeme.bissett@tie.ltd.uk]
Sent: 29 August 2007 14:30
To: Alasdair Sim
Cc: 'Fitchie, Andrew'; Lesley McCourt; Susan Clark
Subject: RE: LAC Presentation

Thanks Alasdair. Ahead of the meeting tomorrow at 2, my questions on the attached are :

- #1 - does it make sense to have a long gap until the Tramco matrix is tabled, CEC will want to see this very soon and 10/9 doesn't leave much time before papers go to the TPB. At a minimum we need to give them a clear view of the main risks retained by the Council under Tramco as novated.
- #2 - we'll need to explain what work has been done on SDS before preferred bidder selection to understand the risks from D/D post-novation. For example, is D/D restricted to the quality of design (a big enough risk) or does it extend into other areas such as PB competence, contractual terms
- #7 - does this profile equate with the latest financial report - it is different from the version Miriam and I have been using (issued 26/7 and actuals to P4)
- #8, 9, 10 - do these deals have the capacity to delay the selection of the preferred bidder or are the main outstanding issues neutral to the bids ? Any longer term threat to financial close timing ?

Regards
Graeme

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From: Alasdair Sim [mailto:Alasdair.Sim@tie.ltd.uk]
Sent: 29 August 2007 12:24
To: Fitchie, Andrew; Lesley McCourt; Graeme Bissett; Susan Clark
Subject: LAC Presentation

Dear All,

I attach for your review and comment, a draft presentation for the legal affairs group tomorrow. Andrew, please feel free to add the risk section bullets as appropriate then return to me.

Thanks and regards
Alasdair

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